



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: October 30, 2024

Subject: Resolution 2024-60, Certifying Outstanding Costs of Nuisance Abatement at 8064 Garfield Street NE

The current franchise the City holds with CenterPoint Energy expires this year. Ordinance No. 497 is the proposed renewal of Gas Franchise Ordinance with CenterPoint Energy. This ordinance grants CenterPoint Energy the right to construct, operate, and maintain gas distribution facilities within the City of Spring Lake Park for a 20-year period. This nonexclusive franchise allows CenterPoint to utilize the City's public ways and grounds under a structured agreement, balancing the company's operational needs with the City's regulatory oversight and public infrastructure interests.

CenterPoint Energy is the primary provider of natural gas in Spring Lake Park, supplying energy to both public and private users. The current franchise arrangement with CenterPoint has expired, necessitating the establishment of an updated ordinance. The proposed ordinance incorporates current regulatory requirements, including those set by the Minnesota Public Utilities Commission (MPUC), and aligns with the City's goals to manage public right-of-way usage efficiently.

Key Provisions of the Ordinance

1. Grant of Franchise

The ordinance grants CenterPoint Energy a nonexclusive right to operate within Spring Lake Park, ensuring they can continue to supply gas energy to residents and businesses. This franchise is set for a term of 20 years, with specific provisions for termination and renewal processes.

2. Franchise Fee

The ordinance has no effect on the City's existing franchise fee ordinance.

3. Maintenance and Restoration Obligations

CenterPoint is responsible for restoring any public way or public ground impacted by their activities, ensuring that these areas are returned to city standards following any work. This includes provisions for restoration timeframes, required quality of work, and maintenance responsibilities, safeguarding public infrastructure and minimizing inconvenience for city residents and businesses.

4. Relocation Requirements

To accommodate City infrastructure projects or changes, the ordinance requires CenterPoint to relocate gas facilities within public ways at their expense when deemed necessary by the City. This provision ensures that the City can proceed with public works projects without undue delay or additional costs related to existing utility infrastructure.

5. Service Reliability and Emergency Response

The ordinance outlines expectations for service reliability and emergency response. CenterPoint must respond promptly to emergencies and work in collaboration with the City's first responders to address any public safety concerns related to gas facilities.

6. Dispute Resolution Mechanisms

A structured dispute resolution process is outlined to address potential disagreements under the franchise agreement. The initial approach is through mediation to promote a cooperative solution. If mediation does not result in a resolution, either party may bring the matter to district court for further action.

7. Franchise Continuation and Termination

Should the franchise reach its expiration without a new agreement, this ordinance provides for a continuation of the existing franchise terms until a new franchise is agreed upon or until 90 days after a party to the franchise provides written notice of its intent for the franchise to expire.

The proposed ordinance has been negotiated and reviewed by the City Attorney to ensure compliance with state regulations and alignment with the City's interests. The City Attorney recommends approval. He will be present at the City Council meeting to address any questions that you may have.

Staff recommends approval of Ordinance No. 497, the Gas Franchise Ordinance with CenterPoint Energy.

If you have any questions, please do not hesitate to contact me at 763-784-6491.